



People deserve to know

FRAUD & CORRUPTION POLICY

FRAUD & CORRUPTION POLICY FREE PRESS UNLIMITED

1. PURPOSE OF THIS DOCUMENT

This policy is established to prevent and detect potential fraud and corruption cases within the scope of Free Press Unlimited. Through this document, Free Press Unlimited wants to promote consistent organisational behaviour by providing guidelines and by assigning responsibilities for the development of appropriate measures and for conducting investigations when necessary. The Fraud & Corruption Policy and Code of Conduct together form the Integrity Policy of Free Press Unlimited.

Background

Acting with integrity around the globe and good practise concerning integrity is fundamental to Free Press Unlimited. Integrity means doing what is right. By acting accordingly, we reflect positively on the values and reputation of Free Press Unlimited and its partners in all the countries where we operate. We all want to do what is right, for ourselves, for the organisation and for our partners. That's why Free Press Unlimited has a zero-tolerance approach to fraud and corruption of any type or in any circumstances.

There are many reasons to prevent fraud and corruption, including:

- Corruption or fraud is something that negatively affects all our stakeholders and not the least our beneficiaries by denying the ultimate beneficiaries (the public) free and fair access to the information that they are entitled to and is made available by our programmes or projects.
- Our organisation provides support to people or partner organisations who need it, and it is morally wrong to try to divert some of the resources intended for supporting the freedom of speech.
- In countries where fraud and corruption is against the law, local staff, contractors or partners are bound by the laws of the country in which they are working.
- Donor regulations prohibit fraud and corruption, which may involve serious punishment in case of violation.
- Any fraud or corruption encourages more fraud or corruption.
- Our Code of Conduct describes our standards of ethics, integrity and our responsibilities for acting ethically, every day, by each of us.

Free Press Unlimited channels services and funds for the implementation of development programmes, and runs the risk that goods and funds of a programme are misappropriated or abused by staff, partners or others. Documents can be forged or 'forgotten'. Suppliers may deliver goods or services of inferior quality, or in less quantity than ordered and paid for. Staff or representatives¹ may steal goods from the offices, etc. Also at a personal level, one may be deceived by a variety of false stories and promises. In many countries this is officially illegal, but in practice it may not always be considered wrong. Procedures to account for subgrants or goods and services, as found in Free Press Unlimited's administrative procedures, must be enforced in order to deter fraud and to detect it when it occurs.

Fraud and corruption is a risk for the organisation, for its reputation, for the realisation of its objectives and potentially for the sustainability of the organisation. This is in the case of theft or fraud but also in the case of other kinds of corruption, such as but not limited to bribery, extortion or embezzlement.

Fear of insulting staff, contractors or partners can never be a reason for failing to properly implement administrative procedures. By implementing these procedures we want to provide protection against pressure from third parties, family, colleagues or others. Unwillingness to co-operate with the implementation of procedures may well be an indication that something is wrong. Even the perception of fraud or corruption, or false accusations of fraud and corruption, can cause the same negative effects as real fraud or corruption. Great care should therefore be taken to prevent unfounded perception of fraud or corruption to arise in connection with a Free Press Unlimited staff member, contractor or staff member of partner organisations.

¹ Any partner, expert, trainer, consultant etc. who is contracted by FPU

2. SCOPE AND DEFINITIONS

Scope

This policy applies to any irregularity or suspected irregularity that can be interpreted as fraud or corruption, involving all staff, regardless of the contractual basis of their employment relationship with Free Press Unlimited, representatives, partner organisations and third parties who are hired by or act in the name of Free Press Unlimited (representative) or anyone else that has a professional relationship with Free Press Unlimited.

Definitions

Fraud is defined as: “A dishonest or deceitful activity, or misuse of Free Press Unlimited resources or systems for financial benefit or any other kind of benefit for the person committing the fraud or any other person.”

Corruption is defined as: “A dishonest activity in which a member of Free Press Unlimited’s staff, a member of staff of a partner organisation, or a contractor (expert, consultant etc.) acts against Free Press Unlimited interests and misuses his or her position of trust to obtain any kind of benefit for himself/herself or any other person. This also includes offering and receiving bribes.”

Conflict of interest is a form of corruption and is defined as: “A situation in which a person or organization is involved in multiple interests, financial or otherwise, and serving one interest could involve working against another. Typically, this relates to situations in which the personal interest of an individual or organization might adversely affect a duty owed to make decisions for the benefit of a third party”.

The terms fraud, defalcation, misappropriation, and other irregularities refer to, but are not limited to:

- misappropriation of funds, supplies, or other assets;
- impropriety in the handling or reporting of money or financial transactions;
- profiteering as a result of inside knowledge of Free Press Unlimited activities;
- disclosing confidential and proprietary information to outside parties;
- accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to Free Press Unlimited;
- destruction, removal, or inappropriate use of records, assets, equipment;
- bribe or to offer, promise, give, ask for or accept other inappropriate privileges with the intention of receiving or keeping an unauthorized privilege;
- and/or any similar or related irregularity.

3. POLICY PRINCIPLES

Action and sanction

Free Press Unlimited strongly disapproves all facets of fraud and corruption. If fraud has been established, the persons who committed fraud should not obtain any kind of benefit. Free Press Unlimited will recover any losses from all persons that committed the fraud, whether they are Free Press Unlimited employees or not. If necessary, disciplinary action will be taken against these persons.

Free Press Unlimited has a zero-tolerance approach to fraud and corruption of any type or in any circumstances, whether perpetrated by staff, volunteers, contractors, partners, representatives or others and is determined to prevent, and where this is not possible, to detect and investigate such acts. Free Press Unlimited expects that everyone, according to the scope of this policy, will have the highest standards of conduct and integrity at all times.

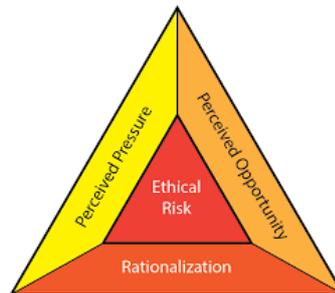
Any investigative activity required will be conducted without regard to the suspected person’s length of service, position/title, or relationship to Free Press Unlimited. Free Press Unlimited will always take robust action against those who commit fraud, which may include legal steps. In addition, Free Press Unlimited will actively pursue the recovery of assets, using all legal means.

We are all responsible for the prevention and detection of fraud, misappropriations and other irregularities. Each member of a team at any level in the organisation is expected to be familiar with the types of risks and improprieties that may be relevant for his/her area of responsibility and be alert for any indication of irregularities. Any irregularity that is suspected or detected must be reported immediately according to the Free Press Unlimited Complaints and reporting mechanism to be found on the website².

Failure to comply with the conditions of this Fraud & Corruption Policy, may lead to a demand of repayment of the (sub)grant or any other outstanding payment in whole or in part. By decision of Free Press Unlimited, any prepayments will be suspended and a grantee will therefore not be entitled to compensation of any kind.

4. PREVENTION

According to the commonly used 'fraud triangle' there are three risk factors that are usually present at the same time for an ordinary person to commit fraud. Its three sides are pressure, opportunity and rationalisation. When these three factors converge, there is danger of an ethical lapse which could lead to violation of law.



- Pressure: particular factors that might motivate a person to commit fraud. For example: pressure from his/her personal or work environment to make extra money to increase their financial situation.
- Opportunity: a chance for taking advantage from a specific situation or weakness in the control procedures in the organisation. For example: an opportunity to claim private expenses on project budgets, because of weak procedures.
- Rationalisation: The person committing fraud has logical reasons to justify the fraud, even if these are not appropriate. For example: the conclusion that he/she him/herself is more deserving than the organisation receiving money.

Generally speaking, prevention should aim at addressing these factors. This fraud triangle serves to offer guidance in detecting fraud risks.

5. MONITORING AND DETECTING

Free Press Unlimited is committed to create an internal environment (quality management structure, administrative organisation, internal reporting and assessment procedures) that prevents and detects fraud and corruption. Management is responsible for reducing opportunities for fraud and corruption and improving detection rates. It can achieve this by:

- Identifying the risks to which operations, locations and (liquid) assets are exposed;
- Developing adequate procedures;
- Ensuring effective compliance with regular checks.

² <https://www.freepressunlimited.org/en/complaints-and-reports>

Measures for mitigating fraud and corruption risks may include the following:

- Thorough staff recruitment procedures, including checking references of new employees;
- Physical security of assets;
- Clear organisation of responsibilities and reporting lines;
- Trained staff on procedures, values and dilemmas in an open and safe environment;
- Segregation of duties to ensure that key functions and controls are not performed by the same staff members / persons;
- Implementing and use of financial and logistical procedures, e.g. for procurement.
- Supervision and performance monitoring by management;
- Random and periodical (local) spot checks;
- Appropriate budgeting and financial reporting;
- Complete and secure audit trails;
- Reviews by independent bodies such as external audits;
- Confidential, anonymous whistle-blowing channels, for the reporting of (suspected) corruption;
- Clear, open, honest relationships with partner organisations.

Free Press Unlimited's Integrity Committee³ reviews, evaluates and reports on the effectiveness of the combined measures for controlling fraud and corruption risks, and provides advice on areas for improvement, internally as well as with the Financial Audit Committee of the Supervisory Board and the external auditor.

Among other procedural steps as described in the Project Cycle Manual as well as in the Finance Manual Free Press Unlimited's partners are also included in these measures. Before starting to work with partner organisations, specific attention should be given to the prevention and detection of fraud and corruption, which may require additional checking mechanisms. This should at least include:

- A thorough, documented partner assessment which is undertaken prior to engagement with that partner, and/or in order to assess the partner organisation. The assessment should also give specific attention to the identification of fraud risks.
- Sharing of relevant Free Press Unlimited policies and procedures with the partner, especially in areas for which the partner's own policies and procedures are considered to be inadequate, for example Free Press Unlimited's procurement policy and the Free Press Unlimited Code of Conduct. This may involve the training of partner staff, in order to ensure that such policy and procedures are understood by partner staff.
- Reporting requirements are effectively communicated to partner staff, including the type of documentation that should be available to support reports. This may involve the training of partner staff.
- A signed subgrant agreement should be in place including all its annexes and understanding of all articles and consequences by both parties, covering all work that is done with and by partner. Where relevant, this agreement should stipulate any specific checking mechanisms required for Free Press Unlimited funded aspects of the partner's operations.

6. REPORTING AND INVESTIGATION PROCEDURES

Free Press Unlimited employs standard procedures for the notification and investigation of suspected fraud and corruption.

External procedure:

This includes people directly involved with the organisation as well as any outsiders. Examples include but are not limited to: project partners, donors, suppliers, consultants or anyone else in contact with, or influenced by, the organisation and anyone who has observed wrongdoing by Free Press Unlimited and/or Free Press Unlimited's partners.

Internal procedures:

This applies only for staff of Free Press Unlimited. This includes staff with zero hour contracts; temporary workers (hired workers) who have been working for the organisation for more than 24

3 FPU's Integrity Committee consists of the Security Officer, Head of K&Q, Head of Finance and Director of Operations

months; persons who have been supplied or seconded by Free Press Unlimited to other organisations; persons who are included according to an agreement between the employer and the works council (for example, temporary workers who have been working for less than 24 months or volunteers).

Duty to report

It is the responsibility of all staff to report suspected, actual or attempted fraud or corruption. Any staff who discovers or suspects dishonest or fraudulent activity has a duty to report this immediately. He/she should not attempt to investigate suspected fraudulent activity him-/herself. The reporting staff may decide to remain anonymous.

No information concerning the suspected fraud or status of an investigation should be shared with other persons. Under no circumstances should any reference be made to 'the allegation', 'the crime', 'the fraud', 'the forgery', 'the misappropriation' or any other specific reference.

The reporting individual will:

- not contact the suspected individual or organisation in an effort to determine facts of demand restitution;
- not discuss the case, facts, suspicions, or allegations with anyone, unless specifically asked to do so.

All involved treat all information received confidentially.

Investigation

Free Press Unlimited maintains a register of all reported cases of fraud and corruption, actual and attempted. Reported cases of actual, attempted or suspected fraud or corruption will be investigated by or under coordination of Free Press Unlimited. Where relevant and necessary, internal and/or external experts may be involved in the actual investigations. All reports will be reviewed by the Integrity Committee, they will suggest to the management (depending the severeness of the report) a plan of action if necessary or a follow up action. The Integrity Committee can decide to hire an external expert (for example an external auditor).

Any internal or external expert assigned to be involved in the investigations will have:

- free and unrestricted access to all Free Press Unlimited owned records and information,
- the authority to examine, copy, and/or take all or any portion of (digital or physical) records or information, as long as it is within the scope of their investigation.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputation of persons suspected but subsequently found innocent and to protect Free Press Unlimited from potential reputation damage or liability.

The implementation of adequate fraud policy guidelines and investigation procedures deserves special attention, as it will facilitate the early stages of a fraud identification and investigation and ensure that any further investigation will not be hampered or obstructed. Members of staff are not allowed to start their own investigation into a suspected fraud case without prior permission from Free Press Unlimited.

Decision making

The investigation results will be shared with the Board of Directors (BoD) in a written report, and will include:

- motivated conclusion as to whether the reported case concerns fraud or corruption;
- the level of disadvantage or loss involved;
- the identity of the person(s) who appear to have committed the fraud, if known;
- where relevant, identification of any failures on the part of procedures or staff, which enabled the fraud to take place;
- where relevant, lessons learned and recommendations for the prevention of future cases of fraud.

When applicable a report is presented to the Free Press Unlimited's Financial Audit Committee (part of the Supervisory Board) and to an external auditor. There may be additional donor requirements to report instances of fraud or corruption to donors.

Based on the report, the BoD, or the Head of Finance mandated by the BoD, will draw conclusions and decide on any necessary actions, including possible disciplinary action and/or legal action. The BoD is responsible for communicating conclusions and follow-up actions to the person(s) involved.

Administration

The Integrity Committee is responsible for the administration, revision, interpretation, and application of this policy.

This document is related to other relevant Free Press Unlimited policy guidelines and procedures, including (but not limited to):

- Documents describing administrative organisation, internal auditing, administrative manuals and procedures as included in Knowledge & Quality's manuals such as the Project Cycle Manual and the Finance Manual⁴;
- Free Press Unlimited's Code of Conduct⁵;
- Free Press Unlimited external complaints and reporting procedure⁶;
- Free Press Unlimited whistle blower policy⁷.

4 Internal documents, accessible through FPU's wiki: "Project Cycle" and "Finance Manual Free Press Unlimited"

5 Internal document, accessible through FPU's wiki: "Personnel manual & Code of Conduct"

6 <https://www.freepressunlimited.org/en/complaints-and-reports>

7 Internal document, accessible through FPU's wiki: "Whistleblowers regulation"